

DFM

6 January 1976

NOTE FOR DIRECTOR

For your information, here is a rundown on congressional action on S.2350, to amend the National Security Act by adding the Secretary of the Treasury to the National Security Council. Following the Murphy Commission recommendation, that the Treasury Secretary become a member of the NSC, Senator Symington on September 17 introduced S.2350. It was reported by the Armed Services Committee on October 8 and passed the Senate on October 9 with no debate. The initial vote in the House Armed Services Committee was a 14-14 tie and thus the bill was not reported. However, one of the members casting a no vote changed his mind and the bill was reported December 15 and passed the House December 17. The Administration opposed the proposal on the grounds that: 1) most issues before the Council on a regular basis do not have significant economic or monetary implications; 2) when issues with such implications are before the National Security Council, President Ford invites the Treasury Secretary to participate; and 3) membership on the National Security Council would impose heavily on the Secretary's time and staff sources and would undercut the principle that the Council should be kept small.

Accordingly, the President subsequently vetoed the measure.

SIGNED

Acting Legislative Counsel

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of its chairperson. I support these two measures. However, I have some reservations about Title II of the Mortgage Disclosure Act of 1975."

This Act will require financial institutions having over \$10 million in assets and operating in large urban "standard metropolitan statistical areas" to comply with a new program of Federal regulation. All of these depository institutions will be required to compile and make available for public inspection, information on the number and total dollar amount of mortgage and home improvement loans, broken down by census tract or zip code. This Federal law will be enforced by several Federal regulatory agencies (the Federal Reserve Board, Federal Home Loan Bank Board and others) and will supersede any inconsistent provisions of State laws. The Federal Reserve Board will have authority to exempt State chartered institutions which are subject to similar State disclosure and enforcement requirements.

In essence, this third title attempts to highlight the problem of mortgage and home improvement loan fund shortages in some parts of large urban areas—often lower income, older neighborhoods—where credit discrimination based upon geographic factors is alleged to occur.

I firmly believe, as do most people, that discrimination on racial or ethnic grounds is a practice which is abhorrent to our American way of life. Our Constitution grants equal liberties to all citizens. Federal, State, and local laws expressly prohibit discriminatory practices. Our courts have continued to uphold the principle that a strong and free nation is one which can, and must, protect any individual's rights, regardless of race or religion. This bill attempts to expose any such discrimination by financial institutions providing housing credit. I strongly support this objective.

While I note that the Congress claims that this legislation is not intended to encourage unsound lending practices or the allocation of credit, I am concerned that this Mortgage Disclosure Act may impose a burdensome and costly requirement for additional recordkeeping and paperwork. Unless this new disclosure program is very carefully administered, the Federal Government will be placing yet another requirement on the private sector—a requirement which will impose substantial costs but will do very little to increase the total availability of mortgage funds in our housing markets.

I trust that the agencies administering Title III of this bill will assess carefully the costs and benefits to both the lenders and borrowers. As presently enacted, this legislation will have a 4-year life. If, within that period, undue burdens result from the implementation of this program, I shall not hesitate to recommend amending legislation.

I also trust that the Congress will join with my Administration in working to solve the capital shortage problem which our country faces. Over the years our expanding capital markets have helped keep the American economy

strong because sufficient capital—for housing, industry, commerce, and other purposes—has been available to sustain economic growth. Rather than support capital allocation, my Administration is committed to improve and strengthen the free market mechanisms used for raising and investing capital—particularly for housing. To this end I have urged Congress to enact the Administration's Financial Institutions Act of 1975 (S. 1267), a bill which will permit banks and other thrift organizations to offer competitive yields on savings deposits and a wider range of services to customers and homebuyers. This legislation will offer new incentives to all mortgage lenders and should help alleviate shortages of mortgage money in every housing market of our Nation.

NOTE: As enacted, the bill (S. 1281) is Public Law 94-200, approved December 31, 1975.

Veto of Legislation Amending the National Security Act of 1947

The President's Message to the Senate Returning S. 2350 Without His Approval. Dated December 31, 1975. Released January 1, 1976

To the Senate of the United States:

I return without my approval S. 2350, a bill "To amend the National Security Act of 1947, as amended, to include the Secretary of the Treasury as a member of the National Security Council."

The National Security Council is one of the most important organizations in the Executive Office of the President. The Council's function, under the law, is to advise the President with respect to the integration of domestic, foreign, and military policies relating to the national security. The President, the Vice President, the Secretary of State, and the Secretary of Defense are the statutory members of the Council. In addition, the President may, under the law, appoint by and with the advice and consent of the Senate the Secretaries and Under Secretaries of other executive departments and of the military departments to serve at his pleasure. No President has ever exercised this latter authority.

In my judgment, enactment of S. 2350 is not necessary. From its establishment in 1947, each President has invited from time to time additional officers to participate in National Security Council deliberations when matters specifically relating to their responsibilities have been considered. In line with this practice, the President invites the Secretary of the Treasury to participate in Council affairs when issues of substantial interest to the Department of the Treasury are involved. Thus, existing arrangements provide for adequate participation of the Secretary of the Treasury in National Security Council matters.

Furthermore, additional mechanisms exist to assure that the President receives advice which takes into account the proper integration and coordination of domestic and international economic policy with foreign policy and national security objectives. Both the Economic Policy Board and the Council for International Economic Policy provide the President with high level advice on economic matters. The Secretary of the Treasury is the Chairman of these two bodies on which the Secretary of State also serves.

I believe that S. 2350 is undesirable as well as unnecessary. The proper concerns of the National Security Council extend substantially beyond the statutory responsibilities and focus of the Secretary of the Treasury. Most issues that come before the Council on a regular basis do not have significant economic and monetary implications.

Moreover, a large number of executive departments and agencies have key responsibilities for programs affecting international economic policy. From time to time these programs influence importantly our foreign policy and national security decisions. The Treasury Department does not and could not represent all those interests. Extending full statutory membership on the National Security Council to the Secretary of the Treasury would not achieve the purpose of bringing to bear on decisions the full range of international economic considerations.

For these several reasons, I am concerned that increasing the statutory membership of the Council might well diminish its flexibility and usefulness as a most important advisory mechanism for the President.

In sum, S. 2350 is unnecessary, since adequate arrangements for providing advice to the President on the integration of economic and foreign policy already exist, and it is undesirable because the proposed arrangement is inconsistent with the purposes of the National Security Council and would lessen the current and desirable flexibility of the President in arranging for advice on the broad spectrum of international and national security policy matters.

GERALD R. FORD

The White House,
December 31, 1975.

The Bicentennial Year

*Proclamation 4411. Dated December 31, 1975.
Released January 2, 1976*

*By the President of the United States of America
a Proclamation*

In the year 1776, the people of our land dedicated themselves in word and deed to the principles of liberty, equality, individual dignity, and representative govern-

ment. It was the beginning of a process which led to the creation of a great Republic symbolizing then, as it does today, the hope of the future.

The year 1776 was a year of revolution, not merely in the rejection of colonial rule, but in the thoughtful, eloquent, and enduring expression of a government to foster and perpetuate the development of a free and independent people.

Now, two hundred years later, we have settled our continent and turned our vision to the limits of the universe. We are the richest nation in the world—rich in our resources, rich in our creativity, rich in our strength, and rich in our people—from our Native Americans to those who have come from every country on earth to share in the hope, the work, and the spirit of our Republic.

The challenges faced by our forebears were not only to their physical capabilities but also to their faith in the future. Their response to these challenges affirmed their deep belief that by their actions they could create a better world for themselves and those that would follow. As we enter America's third century, let us emulate in word and deed, their resolve and vision.

Now, THEREFORE, I, GERALD R. FORD, President of the United States of America, do hereby proclaim the year of our Lord nineteen hundred seventy-six as The Bicentennial Year. Let 1976 be a year of reflection, a year of sharing, and foremost, a year of achievement.

I urge all Americans to reflect, from time to time during this Bicentennial Year, on the historic events of our past, on the heroic deeds of those whose legacy we now enjoy, and on the compelling visions of those who helped shape our constitutional government.

I call upon educators, clergy and labor, business and community leaders, as well as those in the communications media, to review our history and publicize the shaping events, people, and ideas of our historic beginnings.

I call upon every man, woman, and child to celebrate the diversity of tradition, culture and heritage that reflects our people and our patrimony. Let each of us resolve to cherish and protect what we have achieved in the United States of America and to build upon it in the years ahead, not by words alone, but by actions which bespeak a continuing commitment to a heritage of individual initiative, creativity, and liberty.

IN WITNESS WHEREOF, I have hereunto set my hand this thirty-first day of December, in the year of our Lord nineteen hundred seventy-five, and of the Independence of the United States of America the two hundredth.

GERALD R. FORD

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